

BRAZIL'S Q2 2011 GDP RISES 0.8 PERCENT OVER Q1

Finance Minister says Brazilian economy is prepared to address potential challenges posed by the state of the international economy

BRASÍLIA (2 September 2011) – The Federative Republic of Brazil announced today that its 2011 second quarter Gross Domestic Product (GDP) rose 0.8 percent over the first quarter in the seasonally adjusted series (3.2 percent in annualized rates), according to data released by the Brazilian Institute of Geography and Statistics (IBGE). National production of goods and services amounted to R\$ 1.02 trillion for the quarter (approximately US\$ 640.7 billion, using the Q2 2011 average exchange rate).

The GDP increase is a result of growth in the services sector (0.8 percent), followed by the industrial sector (0.2 percent), when compared to the first quarter of 2011. The agriculture sector showed a 0.1 percent decrease.

The growth rate for domestic demand was led by gross fixed capital formation, which grew 1.7 percent in the second quarter of 2011 over the first quarter of 2011. Public administration grew 1.2 percent, while household consumption grew 1.0 percent. The Investment Rate for the quarter was 17.8 percent of the GDP.

"The second quarter figures are in line with our expectations, and the result of measures taken to maintain sustainable growth for the Brazilian economy," said Finance Minister Guido Mantega. "Gross fixed capital formation continues to expand at a steady pace and demonstrates the Brazilian economy's strength and resilience in light of the adverse international scenario. We forecast a growth around 4.0 percent for the Brazilian economy this year, despite the international crisis," said Minister Mantega.

Q2 2011 Quarter-on-Quarter Performance

Brazil's economy recorded a 3.1 percent increase for the second quarter of 2011 compared to the second quarter of 2010. The most notable growth was experienced in the services sector (3.4 percent increase), followed by the industrial sector (1.7 percent increase). The agriculture sector remained stable (0.0 percent).

The growth rate of gross fixed capital formation showed a robust quarter-on-quarter performance, with 5.9 percent growth. Brazil reported 5.5 percent growth in household consumption and 2.5 percent growth in public administration consumption in the second quarter of 2011 over the same quarter of 2010.

Annual Performance

The accumulated GDP for the four quarters ending in the second quarter of 2011 grew 4.7 percent against the previous four quarters. Over this period, the GDP report showed 4.4 percent growth in the industrial sector; followed by the services sector, with 4.2 percent growth; and the agriculture sector, with 2.6 percent growth.

During this period, gross fixed capital formation recorded a strong 11.9 percent increase, household consumption increased by 6.2 percent, and public administration consumption increased by 2.4 percent.

SUMMARY TABLE – Brazil's GDP results at market prices from Q2 2010 to Q2 2011

Rates (%)	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Accumulated in the year/same period in the previous year	9.2	8.4	7.5	4.2	3.6
Last four quarters/four immediately previous quarters	5.3	7.5	7.5	6.2	4.7
Quarter/same quarter in the previous year	9.2	6.7	5.0	4.2	3.1
Quarter/immediately previous quarter (seasonally adjusted)	1.8	0.4	0.7	1.2	0.8

Source: Brazilian Institute of Geography and Statistics (IBGE)

The Brazilian Institute of Geography and Statistics (IBGE)

To access more information about IBGE in English and the full 2Q 2011 GDP press release in Portuguese, please visit: www.ibge.gov.br/english/

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